



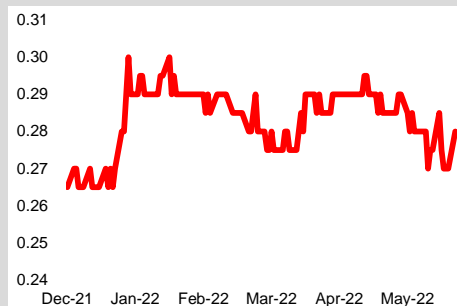
DESCRIPTION

The developer of an ultrapolis in Shah Alam spanning across 72 acres, with a total gross development value of RM9bn, an eventual RM1bn property investment portfolio, and a leisure component

12-Month Target Price RM0.26
Current Price RM0.28
Expected Return -7.1%

Market Main
Sector Property
Bursa Code 4251
Bloomberg Ticker IBHD MK
Shariah Compliant Yes

SHARE PRICE CHART



52 Week Range (RM) RM0.26 – RM0.33
 3-Month Average Vol ('000) 109.6

SHARE PRICE PERFORMANCE

	1M	3M	12M
Absolute Returns	-6.9	-5.3	-10.0
Relative Returns	1.9	4.2	-0.2

KEY STOCK DATA

Market Capitalisation (RMm) 318.2
 No. of Shares (m) 1,136.4

MAJOR SHAREHOLDERS

	%
Sumurwang	52.0
Sumur Ventures	7.5
Tan Sri Lim Kim Hong	3.2

Ching Weng Jin

T 603 2268 3000

F 603 2268 3014

E research@publicinvestbank.com.my

Slow Start

The Group saw a slow start to the new financial year with a reported 1QFY22 net profit of RM1.4m (+>100% YoY, -52.2% QoQ), and the current quarter continuing to be underpinned by steadier performance in the Leisure segment. The Group's property investment segment is making inroads into becoming a more notable income contributor meanwhile, with more significant financial numbers expected in the latter part of FY22. We continue to keep forward estimates unchanged on expectation of stronger overall performance this coming year, with all 3 key segments seeing traction in its recovery momentum. We like I-Berhad's long-term value proposition underpinned by a remaining ~60% of its gross development value yet to be realized. We retain our **Neutral** call however as we wait on more concrete signs of earnings recovery, though we also note that this is very likely trough valuations for the Group, with scope for upsides now appearing increasingly attractive. Our target price is unchanged at RM0.26 (based on an 80% discount to RNAV).

§ **1QFY22 earnings overview.** The property development segment recorded revenue of only RM4.3m for the quarter, mainly from the recognition of sales from its latest project, BeCentral, albeit still at the early stages of development. Pretax losses of RM2.1m were reported however, largely due to finance costs. Unbilled sales, for the first time in a while, are starting to climb again (sustainably, as well) and are currently a higher RM50.9m as at end-Mar (Dec 2021: RM39.3m). The property investment segment reported higher revenue for the quarter as a result of higher occupancy in its corporate office tower, Mercu Maybank. The Group's leisure segment remains the star performer, for now at least, with revenue of RM9.3m (+171.8% YoY) and pretax profit of RM3.3m (+>100% YoY), despite it being a seasonally weaker period.

§ **Business overview.** The Group's maiden corporate officer tower is almost fully-tenanted, with the Maybank Group now an anchor tenant. The DoubleTree by Hilton remains slated to open its doors by July or August this year, adding another dimension to the Group's investment-related income. The combination of these, in addition to the Central i-City mall in the vicinity, are expected to attract various other financial institutions, fintech companies, multinational corporations and technology companies to the area, strengthening the segment further in the near to medium term.

On a separate note, the Group has also recently announced a proposal to extend the expiry (due in August this year) of its Redeemable Convertible Unsecured Loan Stocks (RCULS) for a further 5 years. With the COVID-19 pandemic weighing on the property market, and share prices in general, this move makes sense considering the cash consideration (RM201m) needed to redeem the RCULs., which would likely be better used (for now) to drive recovery of its earnings prospects.

KEY FORECAST TABLE (RM m)

FY Dec (RM m)	2020A *	2021A	2022F	2023F	2024F	CAGR
Revenue	84.6	80.2	155.5	229.1	355.9	43.2%
Pre-tax Profit	4.6	1.3	25.5	45.5	65.5	94.7%
Net Profit	3.3	0.4	19.4	34.6	49.8	97.4%
FD EPS ¹ (Sen)	0.2	0.0	1.0	1.9	2.7	97.4%
FD P/E ¹ (x)	96.4	744.6	16.3	9.1	6.3	
DPS ¹ (Sen)	0.6	0.0	0.5	0.8	1.2	
Dividend Yield	2.2	0.0	1.6	2.9	4.1	

Source: Company, PublicInvest Research estimates

Note: ¹ Fully-diluted: 1,857m shares (excluding RCULs conversion) * re-stated for MFRS15

Table 1: Results Summary

FY Dec (RM'm)	1Q FY22	1Q FY21	4Q FY21	Y-o-Y chg (%)	Q-o-Q chg (%)	3M FY22	3M FY21	YoY chg (%)	Comments
Revenue	18.2	13.2	28.6	38.6	-36.2	18.2	13.2	38.6	No official launches since 2018, but now recognizing sales from new BeCentral project
Cost of sales	-6.6	-9.4	-16.1	-29.5	-58.8	-6.6	-9.4	-29.5	
Gross profit	11.6	3.8	12.5	209.0	-6.9	11.6	3.8	209.0	
Other income	1.2	1.4	0.4	-14.2	230.6	1.2	1.4	-14.2	
Admin expenses	-11.9	-7.3	-30.6	63.5	-61.0	-11.9	-7.3	63.5	
Associate	0.8	-2.9	22.2	n.a.	-96.5	0.8	-2.9	n.a.	Nascent operational recovery in 40%-owned Central i-City Mall
Pre-tax profit	1.7	-5.0	4.5	n.a.	-62.4	1.7	-5.0	n.a.	
Income tax	-0.2	0.5	0.8	n.a.	n.a.	-0.2	0.5	n.a.	
Minorities	0.0	0.0	-0.1	31.3	-77.4	0.0	0.0	31.3	
Net profit	1.4	-4.5	5.2	n.a.	-72.2	1.4	-4.5	n.a.	
EPS (sen)	0.1	-0.4	0.5	n.a.	-71.7	0.1	-0.4	n.a.	
Gross Margin (%)	43.7	-496.5	43.7	-	-	43.9	26.8	-	
Pre-tax Margin (%)	15.6	9.1	15.6	-	-	1.7	1.0	-	
Net Margin (%)	18.0	-32.4	18.0	-	-	0.5	2.1	-	

SEGMENTAL (RM'm)	1Q FY22	1Q FY21	4Q FY21	Y-o-Y chg (%)	Q-o-Q chg (%)	Comments
Revenue						
Prop development	4.8	6.9	13.1	-31.1%	-63.6%	RM50.9m unbilled sales as at 31 Mar
Prop investment	3.2	2.2	2.6	48.5%	26.1%	
Leisure	9.3	3.4	11.8	171.8%	-21.1%	
Others	1.0	0.6	1.1	47.7%	-17.0%	
Total	18.2	13.2	28.6	38.5%	-36.2%	
Pretax Profit						
Prop development	-2.1	-0.7	-8.5	184.3%	-75.8%	
Prop investment	0.7	-3.4	11.2	n.a.	-93.8%	
Leisure	3.3	-0.5	3.8	n.a.	-13.5%	
Others	-0.3	-0.4	-2.1	-31.8%	-86.9%	
Total	1.7	-5.0	4.5	n.a.	-62.4%	

n.a. = not applicable

KEY FINANCIAL DATA
INCOME STATEMENT DATA

FYE Dec (RMm)	2020A	2021A	2022F	2023F	2024F
Revenue	84.6	80.2	155.5	229.1	355.9
Cost of Sales	-60.4	-45.0	-102.7	-152.4	-238.0
Gross Profit	24.2	35.2	52.8	76.7	117.9
Other Income	30.0	16.4	-4.7	2.0	-0.8
Administration Expenses	-49.7	-50.2	-22.5	-33.2	-51.6
Pre-tax Profit	4.6	1.3	25.5	45.5	65.5
Income Tax	-1.3	-0.9	-6.1	-10.9	-15.7
Effective Tax Rate (%)	28.1%	68.4%	24.0%	24.0%	24.0%
Minorities	0.0	0.0	0.0	0.0	0.0
Net Profit	3.3	0.4	19.4	34.6	49.8

Growth

Revenue	-50.8%	-5.2%	93.8%	47.4%	55.3%
Gross Profit	-76.1%	45.3%	50.0%	45.4%	53.6%
Net Profit	-87.3%	-87.1%	4475.1%	78.3%	43.9%

Source: Company, PublicInvest Research estimates

BALANCE SHEET DATA

FYE Dec (RMm)	2020A	2021A	2022F	2023F	2024F
Investment properties	555.7	554.0	554.0	554.0	554.0
Property development costs	795.0	771.0	783.8	721.3	658.8
Cash and bank balances	38.4	23.3	7.7	57.4	66.6
Other assets	537.6	558.8	617.8	646.9	679.6
Total Assets	1,926.6	1,907.1	1,963.3	1,979.6	1,958.9
Payables	448.8	429.0	443.3	459.8	477.9
Liabilities – RCCPS and RCULS	215.8	210.3	56.6	32.2	0.0
Deferred tax	11.0	10.9	6.3	6.3	6.3
Other liabilities	111.9	114.9	327.8	327.8	286.4
Total Liabilities	787.5	765.1	834.1	826.1	770.6
Total Equity	1,139.2	1,142.0	1,129.2	1,153.5	1,188.4
Total Equity and Liabilities	1,926.6	1,907.1	1,963.3	1,979.6	1,958.9

Source: Company, PublicInvest Research estimates

PER SHARE DATA & RATIOS

FYE Dec	2020A	2021A	2022F	2023F	2024F
Book Value Per Share	0.61	0.62	0.61	0.62	0.64
NTA Per Share	0.61	0.62	0.61	0.62	0.64
EPS (Sen)	0.2	0.0	1.0	1.9	2.7
DPS (Sen)	0.6	0.0	0.5	0.8	1.2
Payout Ratio (%)	344.4%	43.1%	43.1%	43.1%	43.1%
ROA (%)	0.2%	0.0%	1.0%	1.7%	2.5%
ROE (%)	0.3%	0.0%	1.7%	3.0%	4.2%

Source: Company, PublicInvest Research estimates

RATING CLASSIFICATION

STOCKS

OUTPERFORM	The stock return is expected to exceed a relevant benchmark's total of 10% or higher over the next 12 months.
NEUTRAL	The stock return is expected to be within +/- 10% of a relevant benchmark's return over the next 12 months.
UNDERPERFORM	The stock return is expected to be below a relevant benchmark's return by -10% over the next 12 months.
TRADING BUY	The stock return is expected to exceed a relevant benchmark's return by 5% or higher over the next 3 months but the underlying fundamentals are not strong enough to warrant an Outperform call.
TRADING SELL	The stock return is expected to be below a relevant benchmark's return by -5% or more over the next 3 months.
NOT RATED	The stock is not within regular research coverage.

SECTOR

OVERWEIGHT	The sector is expected to outperform a relevant benchmark over the next 12 months.
NEUTRAL	The sector is expected to perform in line with a relevant benchmark over the next 12 months.
UNDERWEIGHT	The sector is expected to underperform a relevant benchmark over the next 12 months.

DISCLAIMER

This document has been prepared solely for information and private circulation only. It is for distribution under such circumstances as may be permitted by applicable law. The information contained herein is prepared from data and sources believed to be reliable at the time of issue of this document. The views/opinions expressed herein are subject to change without notice and solely reflects the personal views of the analyst(s) acting in his/her capacity as employee of Public Investment Bank Berhad ("PIVB"). PIVB does not make any guarantee, representations or warranty neither expressed or implied nor accepts any responsibility or liability as to its fairness liability adequacy, completeness or correctness of any such information and opinion contained herein. No reliance upon such statement or usage by the addressee/anyone shall give rise to any claim/liability for loss of damage against PIVB, Public Bank Berhad, its affiliates and related companies, directors, officers, connected persons/employees, associates or agents.

This document is not and should not be construed or considered as an offer, recommendation, invitation or a solicitation of an offer to purchase or subscribe or sell any securities, related investments or financial instruments. Any recommendation in this document does not have regards to the specific investment objectives, financial situation, risk profile and particular needs of any specific persons who receive it. We encourage the addressee of this document to independently evaluate the merits of the information contained herein, consider their own investment objectives, financial situation, particular needs, risks and legal profiles, seek the advice of their, amongst others, tax, accounting, legal, business professionals and financial advisers before participating in any transaction in respect of any of the securities of the company(ies) covered in this document.

PIVB, Public Bank Berhad, our affiliates and related companies, directors, officers, connected persons/employees, associates or agents may own or have positions in the securities of the company(ies) covered in this document or any securities related thereto and may from time to time add or dispose of, or may be materially interested in, any such securities. Further PIVB, Public Bank Berhad, our affiliates and related companies, associates or agents do and/or seek to do business with the company(ies) covered in this document and may from time to time act as market maker or have assumed an underwriting commitment in the securities of such company(ies), may sell them or buy them from customers on a principal basis, may have or intend to accommodate credit facilities or other banking services and may also perform or seek to perform investment banking, advisory or underwriting services for or relating to such company(ies) as well as solicit such investment advisory or other services from any entity mentioned in this document. The analyst(s) and associate analyst(s) principally responsible for the preparation of this document may participate in the solicitation of businesses described aforesaid and would receive compensation based upon various factors, including the quality of research, investor client feedback, stock pickings and performance of his/her recommendation and competitive factors. The analyst(s) and associate analyst(s) may also receive compensation or benefit (including gift and company/issuer-sponsored and paid trips in line with the Bank's policies) in executing his/her duties. Hence, the addressee or any persons reviewing this document should be aware of the foregoing, amongst others, may give rise to real or potential conflicts of interest.

Published and printed by:

PUBLIC INVESTMENT BANK BERHAD (20027-W)

26th Floor, Menara Public Bank 2

78, Jalan Raja Chulan

50200 Kuala Lumpur

T 603 2268 3000

F 603 2268 3014